

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

IN THE MATTER OF:

**Colorado Interstate Gas Co.
2060 North Briargate Parkway
Suite 200
Colorado Springs, CO 80920**

Respondent

COMPLIANCE ORDER

Docket No. CAA-08-2004-0006

STATUTORY AUTHORITY

This Compliance Order (referred to as the "Order") is by the United States Environmental Protection Agency ("EPA") Region 8 issued pursuant to section 113(a)(3)(B) of the Clean Air Act ("CAA"), for violations of section 112(d), section 111(f), and section 165. The authority to issue the Order has been properly delegated to the Assistant Regional Administrator, Office of Enforcement, Compliance, and Environmental Justice, EPA Region 8.

FINDINGS

1. Respondent Colorado Interstate Gas Company ("Respondent"), a subsidiary of El Paso Corporation, owns and operates the Natural Buttes Compressor Station, located southeast of Vernal, UT, within the boundaries of the Uintah and Ouray Indian Reservation. The Natural Buttes Station removes natural gas liquids from the incoming wet gas stream, stores collected natural gas liquids in pressure vessels, and compresses the remaining natural gas for entry into a high pressure interstate transmission pipeline.

2. Respondent is a "person" as defined in section 7602(e) of the CAA, 42 U.S.C. §7602(e).

3. Pursuant to the authority under section 112 of the CAA, 42 U.S.C. §7412 the Administrator promulgated regulations establishing the National Emission Standards for Hazardous Air Pollutants for Oil and Natural Gas Production. These “Maximum Achievable Control Technology (MACT)” regulations for Oil and Natural Gas production facilities are codified at 40 C.F.R. Part 63, Subpart HH and 40 C.F.R. Part 63, Subpart A of the General Provisions.

4. Pursuant to the authority under section 111 of the CAA, 42 U.S.C. §7411 the Administrator promulgated regulations establishing the New Source Performance Standards (NSPS) for Volatile Organic Liquid Storage Vessels, Stationary Gas Turbines, and Equipment Leaks of VOC From On-shore Natural Gas Processing Plants. These NSPS regulations are codified at 40 C.F.R. Part 60, Subparts A, Kb, GG, and KKK.

5. Pursuant to the authority under section 175 of the CAA, 42 U.S.C. §7475 the Administrator promulgated regulations establishing the Prevention of Significant Deterioration of Air Quality (PSD), Preconstruction Requirements. These PSD regulations are codified at 40 C.F.R. Part 52.21.

6. Under 40 C.F.R. §63.772(a)(1), the owner or operator of a oil or natural gas production facility is required to sample and analyze the inlet gas using EPA Reference Method 18 to measure VHAP or HAP concentration for determination of applicability of the NESHAP MACT, Subpart HH, 40 C.F.R. 63.772(a)(1). During the August 8, 2001 EPA inspection, CIG representatives told EPA inspectors that CIG was not using EPA Reference Method 18 but was

using Method 1 of the French Petroleum Institute. Subsequent Title V Annual Compliance Certifications indicate that alternative methodology is still being used, despite verbal directive from EPA inspectors for CIG to either use Reference Method 18 or formally request approval from the Administrator to use an alternative method. Failure to use Reference Method 18 or obtain approval from the Administrator of EPA for an alternative method to measure VHAP or HAP concentration for determination of applicability of the NESHAP MACT, Subpart HH equipment leak standards is a violation of 40 C.F.R. 63.772(a)(1) and Permit #V-OU-0003-00.01, Condition #II.C.(c).

7. Under 40 C.F.R. sections 60.632(e) and 60.486(b)(1), the owner or operator of a facility subject to NSPS Subpart KKK is required to properly mark leaking equipment. During the August 8, 2001 EPA inspection, it was discovered that CIG was not properly tagging leaking equipment. CIG reported this as a deviation with a length of 6 months on a subsequent Title V Annual Compliance Certification. Failure to comply with the record keeping requirements of by not properly marking leaking equipment is a violation of 40 C.F.R. sections 60.632(e) and 60.486(b)(1), and Permit #V-OU-0003,00.01, Condition II.D.(e).

8. Under 40 C.F.R. 60.334(b)(2), the owner or operator of any stationary gas turbine subject to NSPS Subpart GG is required to monitor sulfur content of the fuel being fired in the turbine. The frequency of monitoring for CIG is specified by a Custom Fuel Monitoring Schedule approved by EPA on October 23, 2000. EPA's inspection on August 8, 2001, and CIG's annual Title V Compliance Certification dated March 26, 2002 showed that CIG failed to collect the first of two bimonthly Sulfur samples in June of 2001. CIG violated 40 C.F.R. 60.334(b)(2) as modified by Custom Fuel Monitoring Schedule dated October 23, 2000 and

Permit Condition #II.C.(a)(iii) by not recording sulfur in fuel twice monthly during June 2001.

9. Under 40 C.F.R. 60.8(a), owners or operators of stationary gas turbines subject to NSPS Subpart GG are required to conduct performance tests within 60 days after achieving maximum production rate, but not later than 180 days after initial startup of the facility. As documented in CIG's Title V Permit Application, initial performance tests and notification were due in 1993. Performance tests were not conducted until November 14, 2000. Failure to conduct performance tests within 60 days of achieving maximum production rate is a violation of 40 CFR 60.8(a).

10. Under 40 C.F.R. 63.771(d)(1)(iii) and 63.11(b), the owner or operator of a facility subject to MACT Subpart HH was required to install a flare meeting specific design criteria to control hazardous air pollutants. CIG reported in their March 18, 2003 Title V Annual Compliance Certification that the flare installed did not initially meet the design requirements specified in the MACT Subpart HH, a problem that was corrected about 9 months after the compliance deadline. Failure to have a flare meeting design requirements by the compliance deadline is a violation of 40 C.F.R. 63.771(d)(1)(iii) and 40 C.F.R. 63.11(b).

11. Under 40 C.F.R. 52.21, the owner or operator of a facility that meets the definition of a major source under the Prevention of Significant Deterioration Regulations (PSD) is required to apply for a PSD Permit prior to constructing a major modification to the facility. Based on reports and information reported to EPA by CIG beginning on or about May 19, 2003, CIG made a physical change in October of 2000 to a glycol pump that debottlenecked the ethylene glycol dehydration system at the facility, leading to a significant emission increase of NO_x from two Superior internal combustion engines. The emissions increase from this physical change was

47.7 tons per year, exceeding the threshold of 40 tons per year defining a major modification under PSD, therefore triggering PSD permitting requirements. CIG did not obtain a PSD permit prior to making this modification, which is a violation of 40 CFR 52.21.

12. Respondent remains regulated by the PSD regulations as they existed at the time of the subject modification, on or about October, 2000. Provisions in the revised PSD regulations promulgated in the Federal Register/Volume 67, No. 251 on December 31, 2002 are not retroactive, and do not apply to evaluation of the October 2000 modification.

COMPLIANCE ORDER

Paragraphs 1 - 12 are herein incorporated by reference. Pursuant to Section 113(a)(3)(B) of the CAA, 42 U.S.C. §7413(a)(3)(B), and upon the basis of available information, EPA hereby issues the following order:

13. Effective immediately, Respondent shall comply with all the requirements of National Emissions Standards for Hazardous Air Pollutants, 40 C.F.R. section 63, Subpart HH, the New Source Performance Standards, 40 C.F.R. section 60, Subparts A, Kb, GG, and KKK.

14. As expeditiously as practicable, but in no event longer than six months from the date of this order, Respondent shall submit to EPA Region 8 a complete application for a Prevention of Significant Deterioration of Air Quality Permit, as defined in 40 CFR Section 52.21, and will measure VHAP or HAP Concentration using EPA Reference Method 18 for determination of applicability of the NESHAP MACT, Subpart HH equipment leak standards.

ENFORCEMENT

15. Issuance of this Order does not preclude any other action by EPA to redress past or future violations of the CAA, including either of the following:

a. An administrative penalty complaint pursuant to section 113(d) of the CAA, 42 U.S.C. §7413(d), for penalties of not more than \$27,500 per day for each violation occurring prior to March 15, 2004, or \$32,500 per day for each violation occurring after March 15, 2004; or

b. A civil action pursuant to section 113(b) of the CAA, 42 U.S.C. §7413(b), for injunctive relief or civil penalties of not more than \$27,500 per day for each violation occurring prior to March 15, 2004, or \$32,500 per day for each violation occurring after March 15, 2004, or both.

16. Pursuant to section 120 of the CAA, 42 U.S.C. §7420, EPA is also authorized to assess noncompliance penalties aimed at recovering the economic benefit which any person received by not complying with the CAA.

17. In addition, pursuant to section 306(a) of the CAA, 42 U.S.C. §7606(a); the regulations promulgated thereunder at 40 C.F.R. Part 15; and Executive Order 11738, facilities to be utilized in federal contracts, grants, or loans must be in full compliance with the CAA and all regulations promulgated thereunder. Violation of the CAA may result in the facility being declared ineligible for participation in any federal contract, grant, or loan.

18. Pursuant to section 113(a)(3) of the CAA, 42 U.S.C. §7413(a)(3), failure to comply with this Order may lead to a civil action to obtain compliance or an action for civil or criminal penalties.

OPPORTUNITY FOR CONFERENCE

19. In accordance with Section 113(a)(4) of the CAA, 42 U.S.C. §7413(a)(4), we are offering the Respondents an opportunity for a conference to discuss the Order. The request for such a conference must be made no later than thirty (30) calendar days from the date of receipt of this Order. If you wish to make arrangements for a conference, please contact Dana Stotsky, Enforcement Attorney, U.S. EPA 8, 999 18th Street, Suite 300, Denver, CO 80202-2466. Mr. Stotsky's telephone number is (303) 312-6905. By offering the opportunity for a conference or participating in one, EPA does not waive or limit its right to any remedy available under the CAA.

EFFECTIVE DATE

20. This Order shall become effective immediately upon receipt of this Order by the Respondent.

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8,

Complainant.

Date: 04/14/04

By: **SIGNED**
CAROL RUSHIN
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the original and one copy of the attached COMPLAINT AND NOTICE OF OPPORTUNITY FOR HEARING was hand-carried to the Regional Hearing Clerk, EPA Region 8, 999 18th Street, Denver, Colorado, and that a true copy of the same was sent via registered mail to:

Matt Mask
Director of Operations
El Paso Corporation, Rocky Mountain Division
Briargate Office
2060 North Briargate Parkway
Suite 200
Colorado Springs, CO 80920

Date: 4/19/04

By: SIGNED
Andrea Reed

**THIS DOCUMENT WAS FILED IN THE REGIONAL HEARING CLERK'S OFFICE
ON APRIL 19, 2004.**